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SECURITIES

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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

MAR 10 2015

SEC FILE NUMBER
8- 66451

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the**  
**Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2014 AND ENDING December 31, 2014  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Principled Advisors, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1110 South Avenue

(No. and Street)

Staten Island

NY

10314

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Anthony Girellini

877-860-0900

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

D'Arelli Pruzansky, P.A.

(Name - if individual, state last, first, middle name)

7280 W Palmetto Park Road, Suite 308-N

Boca Raton

Florida

33433

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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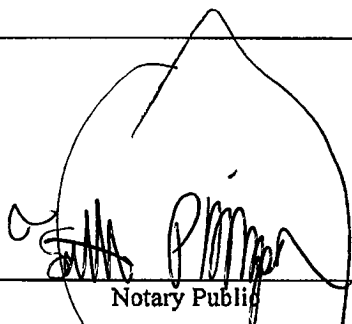
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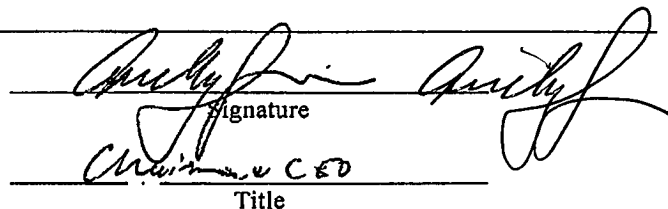
## OATH OR AFFIRMATION

I, Anthony Girellini, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Principled Advisors, Inc., as of December 31, 2014, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

  
Notary Public

  
Signature  
Chairman & CEO  
Title

**FAITH PHILIPSON**  
Notary Public, State of New York  
No. 01PH6289923  
Qualified in Richmond County  
Commission Expires 09/30/17

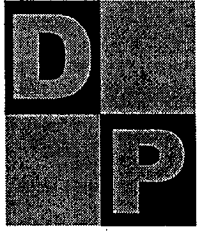
This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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# D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders  
of Principled Advisors, Inc.

We have audited the accompanying financial statements of Principled Advisors, Inc., which comprise the statement of financial condition as of December 31, 2014, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information. Principled Advisors' management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of Principled Advisors, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information has been subjected to audit procedures performed in conjunction with the audit of Principled Advisors' financial statements. The supplemental information is the responsibility of Principled Advisors' management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Boca Raton, Florida  
March 4, 2015

*D'Arelli Pruzansky, P.A.*  
Certified Public Accountants

PRINCIPLED ADVISORS, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2014

**ASSETS**

Cash	\$ 197,273
Prepaid expenses	2,210
Commissions receivable	200,044
Property and equipment, net of accumulated depreciation of \$8,443	<u>15,797</u>
Total assets	<u>\$ 415,324</u>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 4,673</u>
Total liabilities	<u>4,673</u>
Shareholder's equity:	
Common stock, no par value; 50,000,000 shares authorized	
2,000,000 shares issued and outstanding	89,020
Retained Earnings	<u>321,631</u>
Total shareholder's equity	<u>410,651</u>
Total liabilities and shareholder's equity	<u>\$ 415,324</u>

See accompanying notes to financial statements

PRINCIPLED ADVISORS, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Revenues:	
Advisory fees	\$ 938,266
Finders fees	12,041
Interest	<u>25</u>
Total revenue	950,332
Expenses:	
Compensation and benefits	237,559
Regulatory fees	3,709
Communication costs	6,236
Insurance costs	19,648
Professional fees	10,210
Depreciation	2,208
Business development	47,172
Travel and entertainment	30,099
Income taxes other than federal	1,691
Other expenses	<u>12,389</u>
Total expenses	<u>370,921</u>
Net income	<u>\$ 579,411</u>

See accompanying notes to financial statements

PRINCIPLED ADVISORS, INC  
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Common Stock - No Par Value		Retained	
	Shares	Amount	Earnings	Total
Balance, December 31, 2014	2,000,000	\$ 89,020	\$ 142,220	\$ 231,240
Distributions	-	-	(400,000)	(400,000)
Net income	-	-	579,411	579,411
Balance, December 31, 2014	<u>2,000,000</u>	<u>\$ 89,020</u>	<u>\$ 321,631</u>	<u>\$ 410,651</u>

See accompanying notes to financial statements

PRINCIPLED ADVISORS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities:	
Net income	\$ 579,411
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	2,208
Changes in assets and liabilities:	
(Increase) decrease in:	
Prepaid expenses	(493)
Commissions receivable	(32,578)
Increase (decrease) in:	
Accounts payable and accrued expenses	760
Net cash provided by operating activities	<u>549,308</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(10,427)</u>
Net cash used in investing activities	<u>(10,427)</u>
Cash flows from financing activities:	
Distributions to shareholder	<u>(400,000)</u>
Net cash used in financing activities	<u>(400,000)</u>
Net increase in cash	138,881
Cash, beginning of year	<u>58,392</u>
Cash, end of year	<u><u>\$ 197,273</u></u>
<u>Supplemental disclosure of cash flow information:</u>	
State taxes	<u><u>\$ 1,691</u></u>

See accompanying notes to financial statements



**PRINCIPLED ADVISORS, INC.  
NOTES TO FINANCIALS STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - DESCRIPTION OF BUSINESS**

Principled Advisors, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulation Authority (FINRA). The Company was incorporated in the State of New Jersey on February 9, 2004.

The Company's primary sources of revenue are 401K advisory at the plan and participant level.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Cash and Cash Equivalents**

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**Revenue Recognition**

The Company earns revenue by advising corporations on the proper setup of their 401k plans and recommends suitable mutual funds for participants to choose from. The Company receives 12b-1 compensation ranging from .25% to 1%, depending on the size of the plan and applicable share class, directly from the mutual fund company.

Revenues are not concentrated in any particular region of the country or with any individual or group and are recorded as earned.

**Commissions Receivable**

Our commissions receivable consist of amounts due related to advisory fees, finder's fees and trails commissions which have been earned as of December 31, 2014. An allowance for doubtful accounts is not necessary since all commissions receivable are deemed collectible.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation and amortization are provided using the straight-line method over the estimated economic lives of the assets, which are from five to seven years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income taxes has been included in these financial statements. The Company's tax returns for its tax years ending 2014, 2013, and 2012 may still be subject to examination by the Internal Revenue Service.

**PRINCIPLED ADVISORS, INC.**  
**NOTES TO FINANCIALS STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2014**

**NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, except for the first 12 months of operations when it shall not exceed 8 to 1 (and the rule of the “applicable” exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2014 the Company had net capital of \$221,609, which was \$216,609 in excess of its required net capital of \$5,000. The Company’s ratio of aggregate indebtedness to net capital computed in accordance with Rule 15c3-1 was .0211 to 1.

**NOTE 4 - PROPERTY AND EQUIPMENT**

At December 31, 2014, property and equipment consisted of the following:

	<u>Estimated Life</u>	
Office Furniture	7 Years	\$ 11,630
Computer Equipment	5 Years	<u>12,610</u>
		24,240
Less: Accumulated Depreciation		<u>(8,443)</u>
		<u>\$ 15,797</u>

For the period ended December 31, 2014, depreciation expense amounted to \$ 2,208.

**NOTE 5 – CONCENTRATIONS OF CREDIT RISK**

The Company maintains its cash in bank accounts at high credit quality financial institutions. The balances at times, may exceed federally insured limits.

**NOTE 6 – Fair Value of Financial Instruments**

The Company measures the financial assets in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, or interest in open-end mutual funds that allow a company to sell its ownership interest back at net asset value (“NAV”) on a daily basis. Valuations are obtained from readily available pricing sources for market transactions involving identical assets, liabilities or funds.

Level 2 – Valuations for assets and liabilities traded in less active dealer, or broker markets, such as quoted prices for similar assets or liabilities or quoted prices in markets that are not active. Level 2 includes U.S. Treasury, U.S. government and agency debt securities, and mortgage-backed securities. Valuations are usually obtained from third party pricing services for identical or comparable assets or liabilities.

**PRINCIPLED ADVISORS, INC.  
NOTES TO FINANCIALS STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

**NOTE 6 – Fair Value of Financial Instruments (continued)**

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, such as option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The availability of observable inputs can vary from instrument to instrument and in certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement of an instrument requires judgment and consideration of factors specific to the instrument.

**NOTE 7 – BUSINESS DEVELOPMENT**

The Company pays a monthly fee to a vendor that provides market information and support necessary to generate new business, manage risks, and serve clients more efficiently. More specifically, the Company is granted access to qualified leads on prospective clients, set up of sales appointments with prospective clients, monitoring of funds and due diligence on new and existing funds.

**NOTE 8 – FINANCIAL INSTRUMENTS**

The carrying amounts reported in the balance sheet for cash, commission receivable, and accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments.

**NOTE 9 – COMMITMENTS**

The Company renegotiated the terms of their office lease agreement in January 2013 and now pays \$1,000 per year plus additional fees for use of the office conference room. Rent expense for the period-ended December 31, 2014 was \$1,200.

**NOTE 10 – SUBSEQUENT EVENTS**

We have evaluated subsequent events through March 4, 2015, the date the financial statements were available to be issued. There are no significant subsequent events as of that date.

## **SUPPLEMENTARY INFORMATION**

PRINCIPLED ADVISORS, INC.  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2014

Net capital computation:

Total shareholder's equity	\$ 410,651
Deductions and/or charges:	
Non-allowable assets:	
Prepaid expenses	2,210
Property and equipment	15,797
Mutual Fund/RIA Fees Receivable	171,035
Total non-allowable assets	<u>189,042</u>
Net capital before haircuts on securities positions	<u>221,609</u>
Total haircuts on securities	<u>-</u>
Net capital	221,609
Required minimum capital	<u>5,000</u>
Excess net capital	<u>\$ 216,609</u>

Aggregate indebtedness:

Aggregate indebtedness as included in the Statement of Financial Condition	<u>\$ 4,673</u>
Ratio of aggregate indebtedness to net capital	<u>0.0211 to 1</u>

Reconciliation:

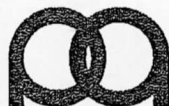
Net capital, per unaudited December 31, 2014 FOCUS report, as filed	\$ 221,609
Audit Adjustments	<u>-</u>
Net capital, per December 31, 2014 audited report, as filed	<u>\$ 221,609</u>

**PRINCIPLED ADVISORS, INC.  
SUPPLEMENTARY INFORMATION PURSUANT TO RULE 17A-5  
OF THE SECURITIES EXCHANGE ACT OF 1934  
DECEMBER 31, 2014**

Principled Advisors, Inc. is claiming exemption under the provisions of Securities and Exchange Commission Rule 15c3-3(k)(2)(i).

Therefore, the following reports are not presented:

- A) Computation for Determination of Reserve Requirement under Rule 15c3-3.
- B) Information Relating to the Possession or Control Requirements under Rule 15c3-3.



# Principled Advisors

Member FINRA

March 4, 2015

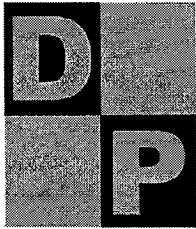
## Exemption Report

RE: Principled Advisors, Inc.. year end 2014 Certified Audit

Principled Advisors, Inc. is operating under the (k)(2)(i) exemption of SEC Rule 15c3-3, "Customer Protection-Reserves and Custody of Securities". The broker dealer does not hold customer securities or take in any customer funds; therefore to our best knowledge and belief we have met the identified exemption provisions in 240.15c3-3(k) throughout the most recent fiscal year without exception and qualify for the exemption under the rule.

Anthony Girellini

Chairman & CEO



# D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – EXEMPTION REPORT REVIEW

To the Board of Directors and Shareholders  
of Principled Advisors, Inc.

We have reviewed management's statements, included in the accompanying Exemption Report required by SEC Rule 17a-5, in which (1) Principled Advisors, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Principled Advisors, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3 under the provision (k)(2)(i) and (2) Principled Advisors, Inc. stated that it has met the identified exemption provisions throughout the most recent fiscal year without exception. Principled Advisors, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

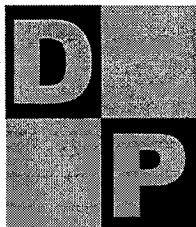
Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Principled Advisors Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in Section (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Boca Raton, Florida  
March 4, 2015

*D'Arelli Pruzansky, P.A.*  
Certified Public Accountants





# D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Agreed-Upon Procedures Report on Schedule of  
Assessment and Payments (Form SIPC-7)

To the Shareholder  
Principled Advisors, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Principled Advisors, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating principled Advisors' compliance with the applicable instructions of Form SIPC-7. Principled Advisors' management is responsible for Principled Advisors' compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

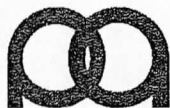
- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Boca Raton, Florida  
March 4, 2015

*D'Arelli Pruzansky, P.A.*  
Certified Public Accountants



# Principled Advisors

Member FINRA

March 4, 2015

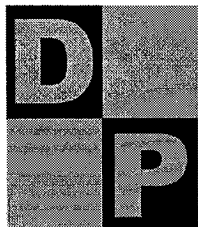
## Exemption Report

RE: Principled Advisors, Inc.. year end 2014 Certified Audit

Principled Advisors, Inc. is operating under the (k)(2)(i) exemption of SEC Rule 15c3-3, "Customer Protection-Reserves and Custody of Securities". The broker dealer does not hold customer securities or take in any customer funds; therefore to our best knowledge and belief we have met the identified exemption provisions in 240.15c3-3(k) throughout the most recent fiscal year without exception and qualify for the exemption under the rule.

Anthony Girellini

Chairman & CEO



# D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – EXEMPTION REPORT REVIEW

To the Board of Directors and Shareholders  
of Principled Advisors, Inc.

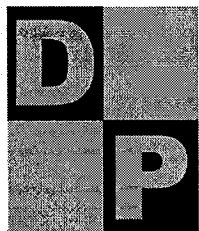
We have reviewed management's statements, included in the accompanying Exemption Report required by SEC Rule 17a-5, in which (1) Principled Advisors, Inc. identified the following provisions of 17 C.F.R. §15c3-3(k) under which Principled Advisors, Inc. claimed an exemption from 17 C.F.R. §240.15c3-3 under the provision (k)(2)(i) and (2) Principled Advisors, Inc. stated that it has met the identified exemption provisions throughout the most recent fiscal year without exception. Principled Advisors, Inc.'s management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Principled Advisors Inc.'s compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in Section (k)(2)(i) of Rule 15c3-3 under the Securities Exchange Act of 1934.

Boca Raton, Florida  
March 4, 2015

*D'Arelli Pruzansky, P.A.*  
Certified Public Accountants



# D'Arelli Pruzansky, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Agreed-Upon Procedures Report on Schedule of  
Assessment and Payments (Form SIPC-7)

To the Shareholder  
Principled Advisors, Inc.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2014, which were agreed to by Principled Advisors, and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating principled Advisors' compliance with the applicable instructions of Form SIPC-7. Principled Advisors' management is responsible for Principled Advisors' compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

- 1) Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
- 2) Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2014, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2014, noting no differences;
- 3) Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
- 4) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Boca Raton, Florida  
March 4, 2015

*D'Arelli Pruzansky, P.A.*  
Certified Public Accountants